



## **Direct Home Loan Program September 20, 2016**

### **USDA Mortgage Interest Rates Now at Record Low 2.875 Percent**

The interest rate for USDA Rural Development's direct home loan program was decreased on September 1, 2016, to a record low 2.875 percent. Homeownership opportunities are available under this program with no down payment, and provide long-term, fixed-interest-rate financing.

Also, payment assistance with interest rates as low as 1 percent may be available to applicants with qualifying incomes.

This lower interest rate makes the monthly payments affordable, and often may be less than rent. For example, a \$100,000 loan at 2.875 percent would have monthly principal and interest payments of \$391. If an applicant qualified for a 1-percent loan the monthly payment would be further reduced down to \$297. The cost of taxes and insurance would need to be added to the monthly payment.

### **Expanding Homeownership Opportunities for Latinos**

Latino residents in Iowa, who today total more than 170,000, are quickly nearing six percent of the state's total population. Census figures indicate the number of Latinos in the state has more than doubled since 2000 easily making it Iowa's fastest-growing minority. Some population estimates suggest Iowa will be home to more than 450,000 Latinos by the year 2050.

Earlier this year, Community 1st Credit Union became Iowa's first credit union to receive the Juntos Avanzamos (translation "Together We Advance") designation for its work and commitment offering financial services to the Hispanic community.

As an example of this commitment Community 1st Credit Union recently sponsored an all-day event in Ottumwa so Mexicans living in Iowa and surrounding states could renew their Mexican passports, obtain identification cards and process other legal documents.

More than 200 Mexicans received assistance that day saving a full day of driving to the nearest Mexican Consulate office in Omaha, Nebraska.

Those attending the event also heard presentations from staff with Community 1st Credit Union and USDA Rural Development about homeownership opportunities including steps required to prepare for purchasing a home and finance programs available to them.

## \$9.4 Million Available in Direct Home Loan Program

USDA Rural Development in Iowa currently has \$9.4 million through its Direct Home Loan Program to assist rural Iowans with the purchase of new or existing homes, renovate or relocate a home, or purchase and prepare sites, including providing water and sewage facilities. This funding will remain on a first come, first served basis through September 30, 2017.

Loan benefits include:

- No down payment
- 33 year loan
- Fixed interest rate
- Payment assistance for eligible applicants

To be eligible for this funding applicants must meet [adjusted household income](#) limits. In most counties in Iowa, a family of four with an adjusted household income of less than \$57,700 may qualify for this program. These income limits increase near metropolitan areas.

In addition, USDA Rural Development has funds available to help eligible applicants make essential improvements to their homes such as a new roof or siding, new furnace or accessibility upgrades. Loans have a fixed interest rate of 1 percent and are typically repaid over a term of 20 years. Limited grants are available to help applicants who are 62 years old or older and cannot repay a loan.

Contact USDA Rural Development at (515) 284-4444 or [directIA@ia.usda.gov](mailto:directIA@ia.usda.gov) or visit [www.rd.usda.gov/ia](http://www.rd.usda.gov/ia) for more information.

## Iowa's Direct Loan Housing Staff

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## Home Loan Eligibility Website

Income limits and property eligibility guidelines for USDA Rural Development's home loan programs can be found here <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

## Contact USDA Rural Development

Contact USDA Rural Development direct home loan housing staff today at (515) 284-4444, [directIA@ia.usda.gov](mailto:directIA@ia.usda.gov) or visit [www.rd.usda.gov/ia](http://www.rd.usda.gov/ia) for more information.

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